

PLM-11

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DECISION



**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548

FILE: B-194887

DATE: August 17, 1979

MATTER OF: Robert E. Grant - Relocation expenses]

personal name
[CLAIM FOR

- DIGEST:
1. Employee, incident to transfer of station incurred expenses for termite inspection upon purchase of a residence at a new duty station. Such expense is reimbursable as a required service customarily paid by the seller or buyer.
 2. Employee, incident to transfer of station incurred expense for roof inspection upon purchase of residence at new station. Between the buyer and seller the roof inspection was optional with the buyer and at his expense. Here, however, the roof inspection was required as a precondition for obtaining financing on the purchase. Thus the inspection fee is reimbursable as a required service customarily paid by the purchaser as contemplated by para. 2-6.2 of the Federal Travel Regulations (FTR).
 3. Employee, incident to transfer of station incurred a recertification charge upon purchase of residence at new station. Since the recertification charge was in the nature of a fee for searching title prior to closing on a conventional loan and was required as a condition for financing purposes it is reimbursable as a legal or related expense customarily paid by the purchaser of a residence at the new duty station of an employee as contemplated by para. 2-6.2c of the FTR.

The issue in this case is whether an employee on a permanent change of station is entitled to reimbursement for termite and roof inspection fees and a fee for recertification as relocation expenses in connection with the purchase of his residence at the new duty station in the circumstances described. Termite and roof inspection

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may be considered a required service in purchasing a residence and therefore reimbursable. Recertification required for legal or financing purposes is also reimbursable.

Mr. Robert E. Grant, an employee of the Drug Enforcement Administration (DEA), Department of Justice, was transferred from Brownsville, Texas, to Miami, Florida. In connection with the transfer he purchased a residence in Miami, Florida. Mr. Grant submitted a voucher for \$433 with a memorandum acknowledging that the Owners Title Policy of \$353 is not reimbursable but reclaiming a termite inspection and roof inspection fee and a recertification charge. His claim for reimbursement of expenses incurred for termite and roof inspection in connection with the purchase of the residence were denied on the basis that these expenses are customarily paid by the seller. In that connection Mr. Grant has submitted a real estate form approved by the Boward County Bar Association and the Fort Lauderdale Area Board of Realtors which states that the termite and roof inspection are expenses to be paid by the buyer at his option. However, should inspections show infestation of termites or structural defects the seller is required to pay for repair of defects and cost of treatment for termites.

Information has been supplied in a telephone conversation with the claimant and confirmed by the Housing and Urban Development (HUD) Office in Coral Gables, Florida, that the recertification is a fee charged by the local banks on closing of a conventional loan to recertify a clear title as of the closing date. This fee is in addition to the abstract continuation fee.

Information was also supplied by the HUD Office with regard to the local custom for payment of termite and roof inspection. Apparently in the Miami area these items are considered negotiable and customarily may be paid by either the buyer or the seller. However, it is understood from information supplied by Mr. Grant that even though he had the option of whether or not to request at his expense a termite and roof inspection, such inspections were required as a precondition to obtaining a conventional loan on the purchase from a local bank. This was also confirmed as a customary practice by the local HUD Office. The local HUD Office also confirmed that the expenses claimed were reasonable for the Miami area.

Allowances for expenses incurred in connection with residence transactions incident to a permanent change of station are authorized by 5 U.S.C. 5724a (1976) and by the Federal Travel Regulations (FPMR 101-7) (FTR). Para. 2-6.2f of the FTR sets out the incidental expenses which are allowable on real estate transactions in the following language:

"* * * Incidental charges made for required services in selling and purchasing residences may be reimbursable if they are customarily paid by the seller of a residence at the old official station or if customarily paid by the purchaser of a residence at the new official station, to the extent they do not exceed amounts customarily charged in the locality of the residence." (Emphasis added.)

We have held that the cost of a termite inspection is reimbursable as a required service customarily paid by the seller or buyer, B-176531, November 29, 1973; and B-175918, June 15, 1972. Similarly, we have held that a marine survey required for financing the purchase of a houseboat for use as a residence was reimbursable. 53 Comp. Gen. 626 (1974). Conversely, where the inspection of the physical condition of a residence was not a requirement for the purchase or sale but was requested by one of the parties for his own benefit, we held that the expense of the inspection was not reimbursable as a required service. B-184594, February 12, 1976.

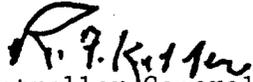
While the evidence here indicates that as between the buyer and the seller the roof inspection was optional with the buyer to be done at his request and at his expense, the record shows that such an inspection was required for financing the purchase of the residence. In the circumstances, we are of the opinion that the roof inspection fee is reimbursable as a required service customarily paid by the purchaser of a residence at the new duty station as contemplated by para. 2-6.2f of the FTR.

Paragraph 2-6.2c of the FTR sets out the legal and related expenses for which reimbursement may be made with respect to the purchase of a residence if customarily paid by the purchaser of a residence at the new official station. These include, among other things, the cost of searching title, preparing abstract, and legal fees for a title opinion. From the evidence presented

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here the recertification charge was in the nature of a fee for searching title just prior to closing a conventional loan and was required as a condition for financing purposes. In the circumstances we are of the opinion that the recertification fee is reimbursable as a legal or related expense customarily paid by the purchaser of a residence at this new duty station as contemplated by para. 2-6.2c of the FTR.

Mr. Grant may be authorized reimbursement for the expense of termite and roof inspection and for the recertification fee, if otherwise correct. Accordingly, the voucher submitted is being returned for payment in accordance with this decision.


Deputy Comptroller General
of the United States